

**DRAFT
MEMORANDUM**

Date: May 18, 2001
To: Patrick Wright, Director
From: The Water Operations Management Team
Subject: Recommended Water Year 2001 Strategy for Meeting State Water
Resources Control Board Decision 1641¹

Based on CVP operations forecasts for May 2001, the water cost to the Central Valley Project (CVP) to meet its obligation under the State Water Resources Control Board Decision 1641 is estimated to be approximately 520 thousand acre-feet (TAF). Consistent with its 1999 Decision on implementation of 3406(b)(2), the Department of the Interior credits the amount of water provided to meet these standards toward (b)(2), up to a cap of 450 TAF annually unless the Fish and Wildlife Service (FWS) determines that it is a biological priority to credit water above that cap toward (b)(2). This results in an approximate cost of 70 TAF above the 450 TAF cap.

The CALFED Bay-Delta Program Programmatic Record of Decision (ROD), Section 2.2.7, Environmental Water Account, Baseline level of Protection, 1995 Delta Water Quality Control Plan (SWRCB), paragraph two states, “Appropriate CALFED Agencies will develop a strategy to deal with the rare circumstances when the CVP obligation under the Water Quality Control Plan exceeds the 450 TAF annual cap for use of CVPIA Section 3406(b)(2) water. In the strategy, to be developed in conjunction with the Governor’s Drought Contingency Plan, the Agencies will use their available resources to create an insurance policy that will seek to eliminate impacts to water users, while not adversely affecting other uses.”

A strategy for Water Year 2001 has been developed through a collaborative effort with CALFED staff, the Bureau of Reclamation (Reclamation), Department of Water Resources, FWS, Department of Fish and Game, the National Marine Fisheries Service and stakeholders through the Operations and Fisheries Forum (OFF).

Potential Options

A number of potential options were identified and discussed among participating agencies. The options were then presented to stakeholders through the OFF for further discussion and recommendation. An informal screening process was used to eliminate options with fatal flaws. Consideration was given to consistency with the ROD, the ability of an agency to commit to making the required resources available, minimal or no impact to other water uses, implementing conditions required by law (e.g. D-1641) and the ability to implement within a timely manner. The enclosed table summarizes the list of possible options explored. It is recognized that no single option can resolve the 450 TAF cap issue. Combining one or more options could provide an insurance policy that will seek to eliminate impacts due to WQCP obligations exceeding the 450 TAF cap.

¹ Decision 1641 implements the objectives contained in the SWRCB Water Quality Control Plan for the Sacramento-San Joaquin Bay/Delta system.

Draft Recommended Strategy for 2001

The Agencies recommend that any unused EWA assets in San Luis Reservoir be available to maintain the CVP's share of targeted minimum storage and that efforts to seek funding to acquire additional water supplies are continued. An outline of the 2001 strategy is as follows:

- Reclamation will utilize EWA water available in San Luis Reservoir in order to assist in maintaining the low point target. Reclamation forecasted that the CVP share of San Luis Reservoir would fall to 80-100 TAF at the low point in late August 2001. The Project Agencies have water stored in San Luis Reservoir for EWA purposes that is available to the Management Agencies for fish protection during the spring and early summer months. To the extent that EWA water is not used for fish protection through June, it could remain in San Luis Reservoir to maintain the forecasted low point CVP storage target. This could allow Reclamation to increase deliveries based on the amount of EWA water remaining in San Luis Reservoir.
- The Management Agencies will develop biological criteria to serve as guidelines to identify times when CVP could pump above the baseline to refill the hole created in San Luis Reservoir by implementation of this strategy without causing any additional harm to fish. The criteria for salmon in October - January will be consistent with the salmon protection decision process used in 2000-2001. Similar criteria for salmonids will be developed for February-June. Criteria related to delta smelt will be consistent with the existing delta smelt decision tree document and OCAP biological opinion. Export pumping by or for the CVP to refill the hole will not be allowed when, pursuant to these biological criteria, the Management Agencies would be using (b)(2) or EWA assets to reduce baseline pumping.
- The Agencies will continue to pursue funding to acquire water supplies this year or to acquire water next year to protect against an impact to the 2002 CVP allocations. With \$10.5 million this year, the Agencies could purchase approximately 70 TAF from upstream interests this summer and convey through the SWP. Or, if Reclamation increases the CVP deliveries this year as a result of EWA water in San Luis Reservoir then there is a risk to the CVP's 2002 water supply if it is unable to fill San Luis Reservoir to baseline storage by March 31, 2002. One way to minimize the risk is to pursue a total of \$10.5 million in additional fiscal year 2002 funding from State and Federal administrations to purchase and convey additional water next year for offsetting use of San Luis storage. If sufficient water supply were available next year, then the funding would be available to acquire options on water to minimize the effects of the 450 TAF cap in future years.

There is no assurance that the EWA will actually have water in San Luis Reservoir going into the summer months. The earliest estimate of EWA water available will not be made until mid- to late June. At such time that it is determined that EWA assets are available, the Agencies will formalize the terms of this agreement.

ATTACHMENT
POSSIBLE OPTIONS TO MEET WQCP OBLIGATIONS EXCEEDING 450 TAF²

OPTION	AGENCY	RESOURCES REQUIRED (e.g. funding, water, and conveyance)	IMPLEMENTATION STEPS	CONSIDERATIONS
Use (b)(2) above 450 TAF Cap	FWS	(b)(2) Water	FWS would have to reschedule existing (b)(2) use.	Not considered because (b)(2) already dedicated to WQCP, VAMP and discretionary fish actions on CVP streams and in the Delta.
CVP borrow unused EWA assets to meet WQCP obligations exceeding 450 TAF, or to meet discretionary Delta export reductions possibly freeing up (b)(2) water.	BOR	- Staff to prepare environmental documentation - Availability of up to 70 TAF of unused EWA assets	- Prepare proposal for EWAT/WOMT, key element would be payback plan - NEPA/CEQA/ESA compliance	Not considered for following reasons: - Zero Federal funding available to exercise EWA water options, including payment for conveyance. - Payback may be at a cost to WY 2002 CVP water supplies. - May not be able to complete NEPA/CEQA w/in required time frame. - Risk of no EWA assets available for WY 2002 until mid-2002 when NEPA/ CEQA is scheduled to be completed for water purchases in years 2-4.
EWA cover WQCP obligations exceeding 450 TAF	DWR,BOR,FW SF&G, NMFS	- Staff to prepare environmental documents. - Availability of approximately 70 TAF of unused EWA assets or up to \$10.5M to purchase approximately 70 TAF @ \$150/af including water purchase and delivery costs.	- NEPA/ESA compliance on existing assets. - EWA may have to acquire more assets than expected and identified in the ROD (Tier 3?). > Find willing sellers (real water). > CEQA/NEPA/ESA > Negotiate agreements. >SWRCB actions, possible	Not considered for following reasons: - Not an intended purpose of EWA. - Use of existing EWA assets for WQCP obligations may require seller approval. - Other considerations are the same as the option discussed above except no risk to next years CVP water supply.
Utilize joint point	BOR	Increase CVP Storage, funding for SWP conveyance.	- SWRCB approval - SWP Wheeling Agreement	Not considered further due to lack of limited upstream supplies and funding. Upstream releases would place a risk on WY 2002 CVP supplies.
Acquire water to meet WQCP Impacts exceeding 450 TAF (I) CVPIA (b)(3) (ii) CALFED (DWR)	BOR/FWS DWR/BOR	- Estimate \$10.5M to purchase approximately 72 TAF @ \$150/af including water purchase and delivery costs.	- CEQA/NEPA/ESA compliance - Negotiate Agreements - SWRCB actions, possible	Not considered because FY2001 budgets for participating agencies are fully allotted. Would require adjusting priorities and re-allotting funds.
SWP meet WQCP obligations exceeding 450 TAF	DWR	Approximately 70 TAF of SWP water supplies	- CEQA compliance	Not considered because inconsistent with language in ROD (“while not adversely affecting other uses”). SWP contractors currently have an allocation of 35%.
Split cost/obligation 3 ways - CVP/SWP/Environment	DWR, BOR, F&G, FWS, NMFS	Approximately 70 TAF (approximately 23 TAF each), conveyance, or up to \$10.5M (\$3.5M each) to purchase water and conveyance, or a combination of the above.	- NEPA, CEQA, ESA compliance possible. - SWRCB action possible, depending on source of water provided.	Not considered because the Agencies do not have required resources available.
Don't meet WQCP obligations in excess of 450 TAF	BOR	None	Notify SWRCB.	Agencies want to be in compliance with D-1641.
Meet WQCP Obligations in excess of 450 TAF using CVP water supplies	BOR	Approximately 70 TAF of CVP water.	None. This will occur if no action is taken by Agencies to eliminate impacts.	Agencies are committed to developing a strategy that would serve as an insurance policy against water supply impacts.
Allow CVP Contractors to take the hit this year but seek money in the Federal CALFED budget for next year to allow purchases and deliveries above the baseline next year. i. Unused EWA Assets remaining in San Luis Reservoir in early summer could be used to maintain dead storage allowing for increased CVP allocations, and ii. Continue to seeking funding to purchase water either this year to meet WQCP impacts exceeding the 450 TAF cap or to insure against a 2002 water supply impact if the CVP is unable to refill the hole to baseline storage conditions.	BOR	May need approximately \$10.5 M in FY02 for the purchase and conveyance of approximately 70 TAF of water to refill hole in CVP side of storage in San Luis Reservoir. Assumes an estimate of \$150/af including water purchase and conveyance costs. .	- Prepare proposal for EWAT and WOMT - Prepare agreement among participating agencies. - Seek FY 2002 State and Federal funding.	This option is considered because of the possibility that unused EWA assets will be available. Although there is the potential for fishery impacts when pumping above the baseline to refill the hole in San Luis Reservoir, criteria are being developed to prevent such an impact. The success of this option is dependant upon FY02 funding to ensure Reclamation's ability to refill the hole by next spring thus preventing a potential CVP water supply impact in 2002. Extends the period to mitigate for WQCP impacts above the 450 TAF into 2002. The CVP Contractors may be impacted in 2001, but may have additional water supplies in 2002, if funding for water purchases becomes available.

² This table is a summary of the options identified and the information considered in developing a draft recommended strategy. The information contained in the table is preliminary and may not be a complete listing of all factors to be considered.